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March 19, 1996

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William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554  
STOP CODE: 1170


RECEIVED  
MAR 19 1996  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**Re: EX PARTE NOTIFICATION: Revision of Part 22 and Part 90  
of the Commission's Rules To Facilitate Future Development of  
Paging Systems, WT Docket No. 96-18**

Dear Mr. Caton:

On behalf of the Personal Communications Industry Association ("PCIA"), this letter provides notification that on March 14, 1996, representatives of PCIA met with Commissioner Chong and Suzanne Toller to discuss PCIA's position, as reflected in its comments, on the application freeze imposed in the above-captioned docket. The participants representing PCIA were: Jay Kitchen and Mark Golden of PCIA; Paul Kuzia, Vice President of Engineering, ARCH Communications Group; Ray Ardizzone, President and CEO, Glenayre Electronics; and Harry Milhisler, President, and Geoff Bennett, Vice President of Network Operations, Heartland Communications. The following documents also were distributed and discussed during the meeting.

Sincerely,

  
Katherine M. Holden

Enclosures

cc: Commissioner Chong  
Suzanne Toller

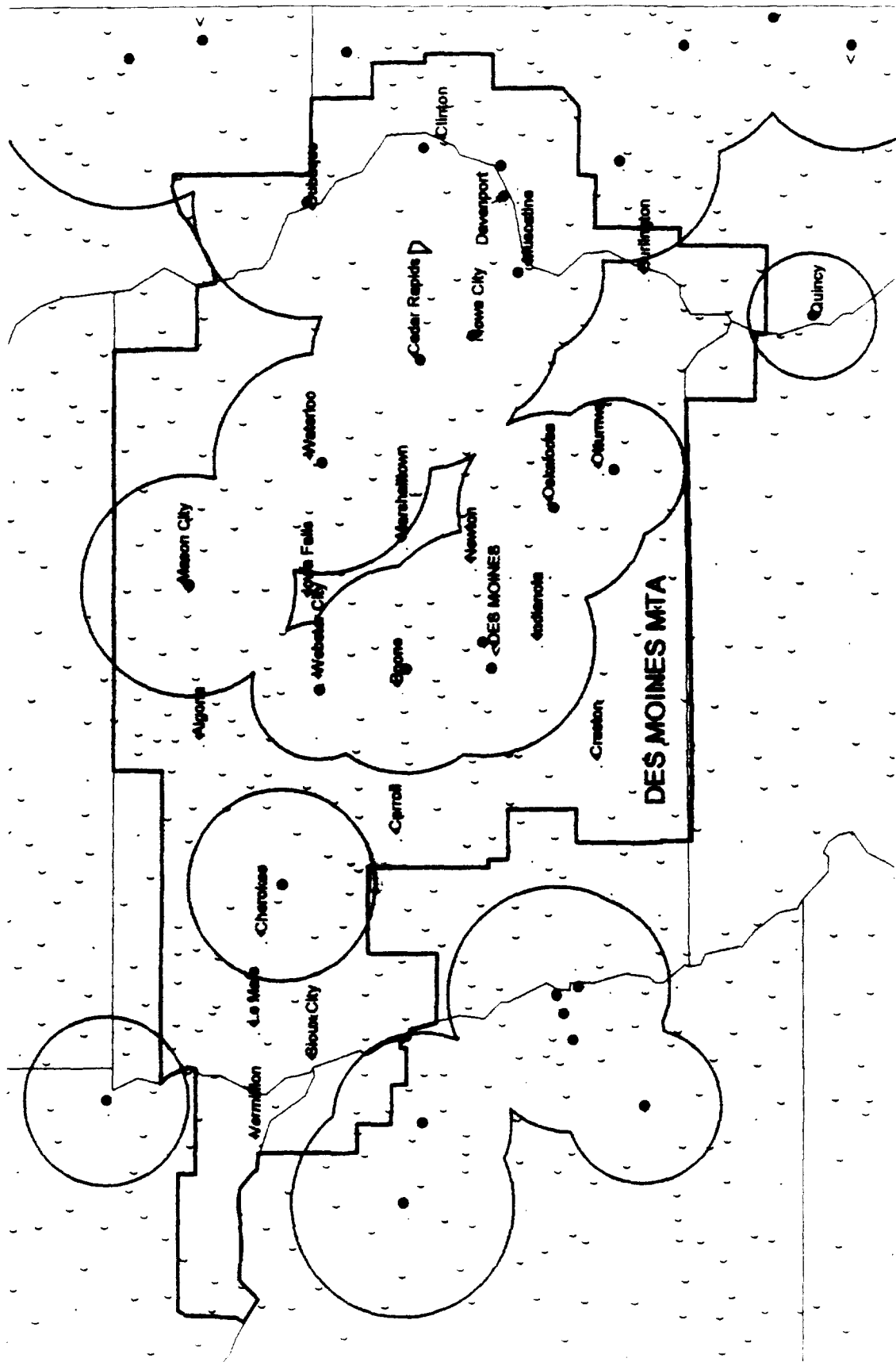
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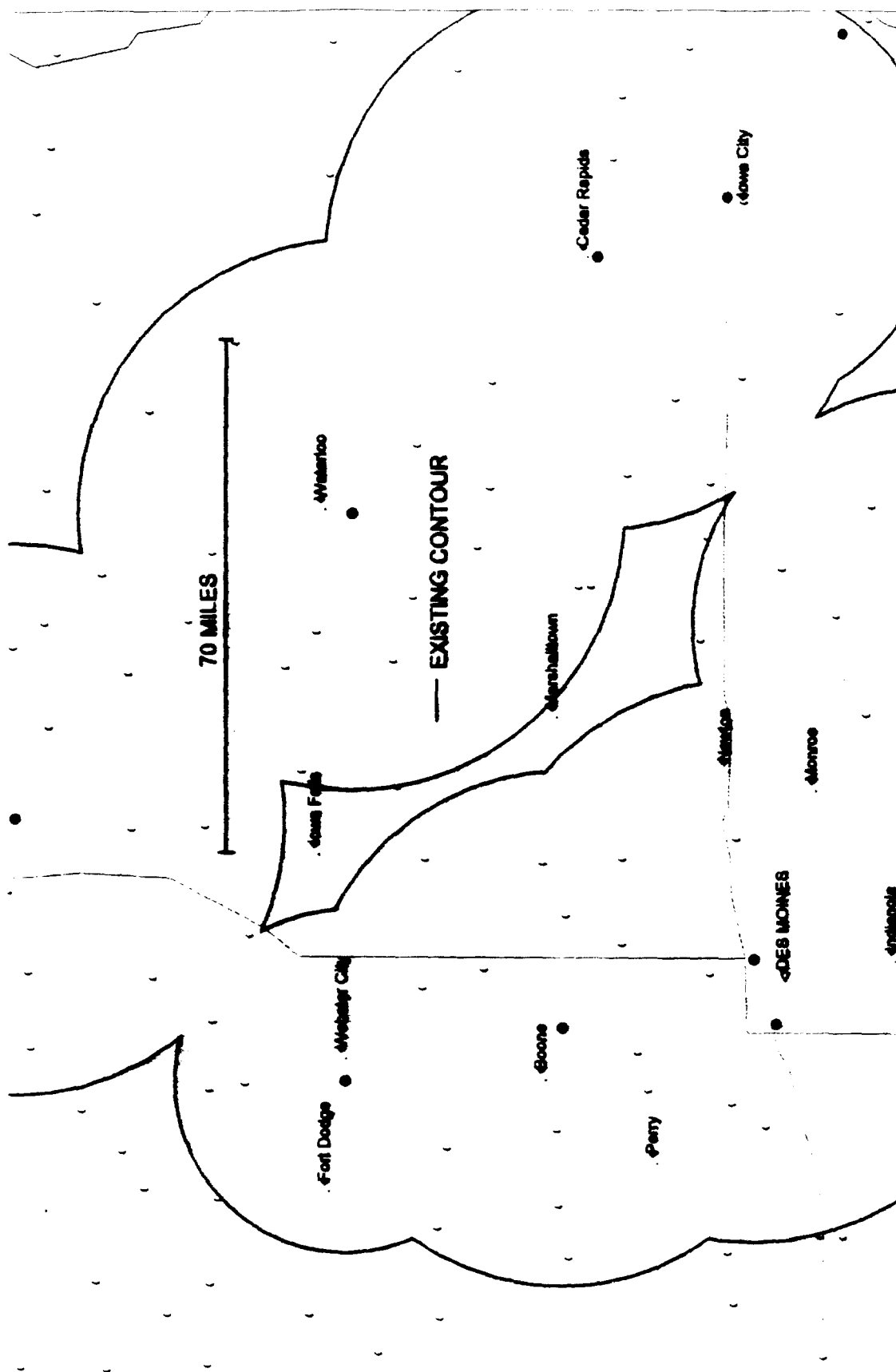
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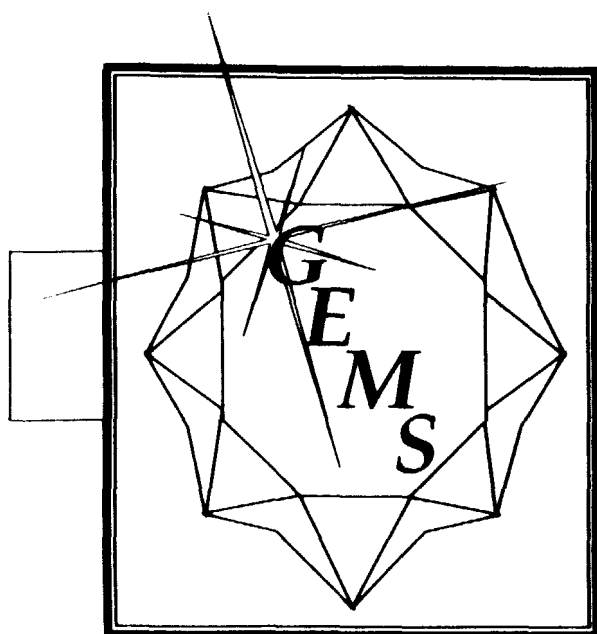
## **THE PAGING FREEZE IS DAMAGING THE PUBLIC INTEREST AND SHOULD BE PROMPTLY MODIFIED**

- The paging marketplace is mature, vibrant, highly competitive, and continually evolving in response to consumer needs.
- Despite the Commission's efforts to accommodate the need for carriers and private licensees to make some changes in their operations during the freeze, the freeze in fact is significantly harming the ability of consumers to maintain access to quality paging services.
- The freeze will disrupt already successful market forces in this industry, as the Commission's action will serve as a substantial determinant of the comparative competitive posture of licensees.
- The adverse impact of the freeze (economic and otherwise) extends far beyond paging operators and their ability to meet consumer needs. Also affected are paging company employers, the suppliers of paging equipment and support services, government tax revenues, and the economy.
- The freeze can be modified in important ways to take into account pre-existing frequency usage and to permit paging licensees to serve the public more effectively, while minimizing the effect on what little white space is practically available for future competitive bidding.
  - The Commission should officially and promptly clarify areas where questions have arisen about the applicability of the freeze.
  - The Commission should immediately lift the freeze on the acceptance and processing of applications for shared channels.
  - The Commission should immediately lift the freeze on the acceptance and processing of applications for common carrier lower band frequencies.
  - The Commission should process all 929 MHz exclusive frequency and 931 MHz applications on file with it as of the date of the freeze.
  - The Commission should permit additional expansion by 931 MHz licensees in defined circumstances.
    - Pending 931 MHz applications that have not appeared on the December 6, 1995 public notice or earlier public notices should be modified to specify a particular 931 MHz frequency.

- Any new applications for 931 MHz channels filed during the pendency of the rulemaking must specify a particular frequency.
- Competing applications could be filed during the 30 day window applied to other Part 22 applications under the current rules.
- If a mutually exclusive application is filed, the parties would not be allowed to resolve the situation by settlement. Rather, the applications would be removed from the processing line and held in abeyance pending resolution of the market area licensing rulemaking.
- The Commission should permit additional expansion by 929 MHz exclusive frequency licensees in defined situations.
  - Incumbent exclusive licensees should be allowed to file applications for new stations within 40 miles of authorized transmitter sites, subject to applicable frequency coordination requirements.
  - The Commission should adopt an interim licensing procedure for 929 MHz exclusive frequencies that permits the filing of mutually exclusive applications in a procedure similar to that followed for common carrier frequencies.
  - If mutually exclusive applications are filed, the parties would not be permitted to resolve the situation by a settlement. Rather, the mutually exclusive applications would be held in abeyance until their treatment or dismissal is resolved in the underlying geographic area licensing rulemaking.
- The nature of the paging marketplace -- its high level of competition, pre-existing customer reliance on service arrangements, and the limited amount of white space available for auction -- warrants treating paging licensees differently from other services in terms of the freeze structure.
- While secondary licensing may be useful for some carriers and some system modifications, it is not a stand alone solution to the concerns raised by PCIA and numerous other commenters.
- It is essential that the Commission, consistent its representations, act expeditiously on the rulemaking proposals. Several factors, however, suggest that delay in action will be inevitable, underscoring the importance of a prompt retailoring of the terms of the freeze.







*Executive Briefing*

***Glenayre***

*Technologies, Inc.*

***The Negative Impact  
of the FCC Freeze on  
The Paging Industry***

*Ray Ardizzone, President & CEO*

*Ray Ardizzone, Executive Briefing*  
***The Negative Impact of the FCC Freeze on The Paging Industry***

***Glenayre is a rapidly growing manufacturer***

♦ **Glenayre Company Profile**

- ♦ Started in 1969
- ♦ Consolidated Glenayre, BBL and Quintron in 1989
- ♦ Became U.S. Company in 1992 - NASDAQ (Gems)
- ♦ 2,000 Employees
- ♦ 1995 Sales Exceeding \$322 Million
- ♦ 1995 U.S. Sales \$209 Million
- ♦ Manufacturing & Development Facilities in Atlanta, GA; Quincy, IL; Belmont, CA and Vancouver, BC
- ♦ Corporate Headquarters in Charlotte, NC

***Glenayre***

***...of a wide variety of wireless telecommunication infrastructure products***

♦ **Wide Area Paging Products**

- ♦ Paging Terminals
- ♦ Linking Transmitters & Receivers
- ♦ Paging Transmitters
- ♦ Satellite Products & Services
- ♦ Transmitter Control Systems

♦ **Narrowband Personal Communication Systems**

- ♦ Terminals
- ♦ Control
- ♦ Linear Base Stations
- ♦ Fixed Receivers

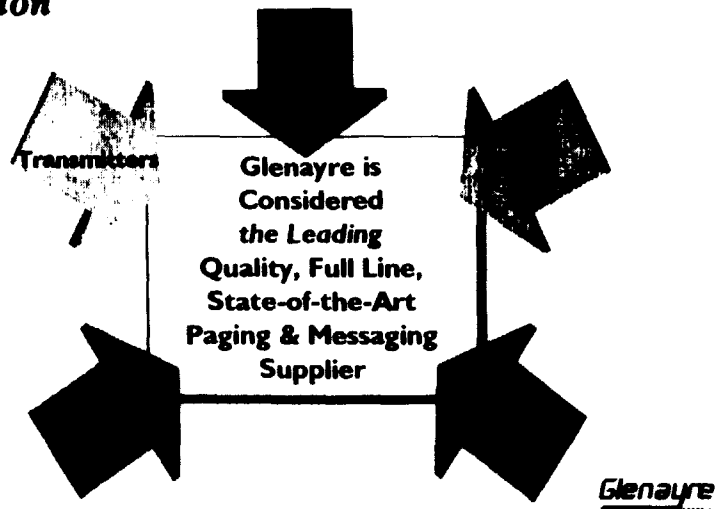
♦ **Voice Messaging & Processing Systems**

♦ **Rural Radio Telephone Systems**

♦ **Analog & Digital Microwave Radio Products**

***Glenayre***

***...providing a complete paging & messaging solution***



***...to worldwide paging service providers.***

♦ **U.S. Paging Customers**

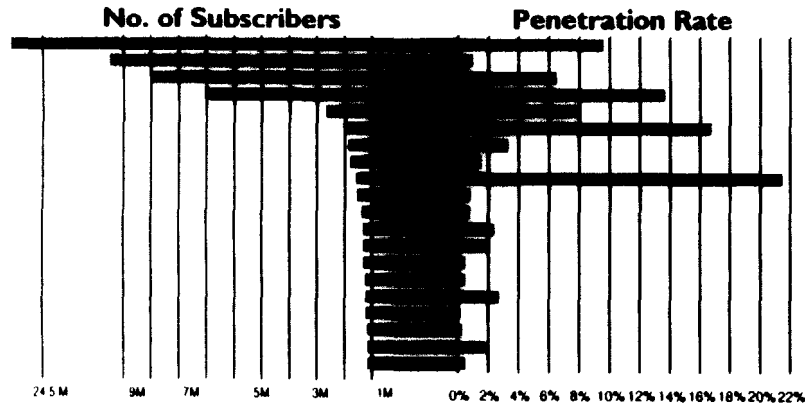
<b>Nationals/ Internationals</b>	<b>Super Regionals</b>	<b>Regionals/ Locals</b>
Pagenet	Arch Paging	Dial Page
MTel (Skytel)	Metrocall	Dial Call
Mobilemedia	Pronet	A+ Comm.
Page Mart	Source One Wireless	
Airtouch Comm.	Network Services	

***Over 70% of Glenayre Sales are dependent upon wide area paging***

***Glenayre***

*Ray Ardizzone, Executive Briefing*  
**The Negative Impact of the FCC Freeze on The Paging Industry**

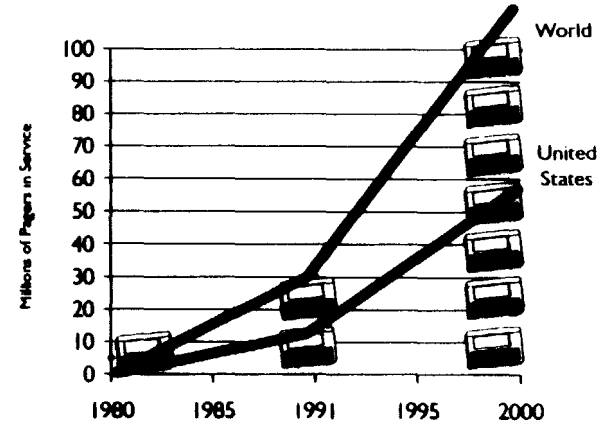
**The U.S. is the world leader in paging subscribers**



Source: RCR Publications Inc. 1995

**Glenayre**  
Model 1

**...and all forecasts show growth trends continuing.**



Source: EMCi

**Glenayre**  
Model 1

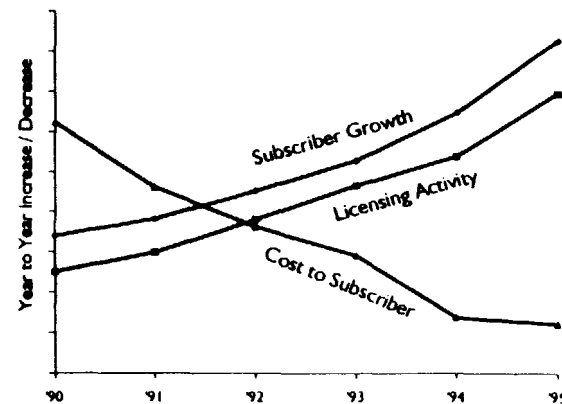
**Paging service provides subscribers many advantages**

♦ **Paging's Formula for Success**

- ♦ Low Cost
- ♦ Small Size
- ♦ Long Battery Life
- ♦ Many Choices of Service Providers
- ♦ Ease of Message Entry (PSTN)
- ♦ Ubiquitous Delivery (Simulcast Networks)
- ♦ Personalized Services
- ♦ Simple to Use

**Glenayre**  
Model 1

**...at ever decreasing costs,**



**Glenayre**  
Model 1

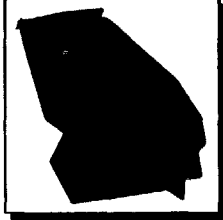


*Ray Ardizzone, Executive Briefing*  
***The Negative Impact of the FCC Freeze on The Paging Industry***

***...but the FCC imposed a freeze on new paging licensing,***

- ♦ Blindsided Industry
- ♦ Covers Unlicensed Paging Spectrum
  - ♦ 900 MHz
  - ♦ 150 MHz
  - ♦ ?
- ♦ Preserve Unlicensed "White Space" for Auctions
  - ♦ It is a Money Issue
- ♦ Reality is : "Not Much to Auction"
  - ♦ Only Small Segments Not Licensed
  - ♦ It is a Sale Not an Auction

***If an operator owns all of:  
Who but that operator  
will bid on:***



***Glenayre***

***...a freeze that impacts many organizations***

- ♦ Caps Ability to Expand Networks
  - ♦ Over 500 Small to Medium Carriers Across the U.S.
  - ♦ Local and Regional Carriers Who Need Expansion Licensing to Compete
  - ♦ Non-winners in NPCS Auctions
  - ♦ One-way Paging Carriers in Need of Backchannels to Build Out Two-way Messaging Networks
- ♦ Manufacturers of Infrastructure and Pagers Will also Be Hard Hit
  - ♦ Loss of Revenue
  - ♦ Loss of Employment
  - ♦ Slow Down of R&D

***Over 25,000 Jobs at Risk  
at Over 500 Companies***

***Glenayre***

***...with the biggest impact on paging subscribers***

- ♦ Less Choice of Paging Service Providers
- ♦ Reduced Competition
- ♦ Higher Prices for Service
- ♦ No Further Construction of Tx Sites
- ♦ Reduced Number of Enhanced Services

***Glenayre***

***...leaving only one reasonable action by FCC.***

***♦ Lift Freeze Now***

- ♦ Restores Competitive Marketplace
- ♦ Aggressive U.S. Industry Growth Will Continue
- ♦ Allows Service Providers to Resume Plans
- ♦ Honors Good Rules Already in Place
- ♦ Quickly Process All Applications Currently on File (As Promised)

***1991 & 1993 Freezes Were Lifted to  
"Avoid Economic Harm to Marketplace."  
Same Reasoning Applies Here***

***Glenayre***

*Ray Ardizzone, Executive Briefing*  
***The Negative Impact of the FCC Freeze on The Paging Industry***

***Glenayre has already suffered due to the freeze,***

- ♦ \$10-12 Million Shortfall in Net Sales 1 Qtr'96
  - ♦ Orders Held
  - ♦ New Orders Delayed
  - ♦ Customers Unsure of Regulatory Impact and are Re-evaluating Their Business Strategies
  - ♦ Buildout for Exclusive-Use Licensees Compromised During the Transition to Geographic Licensing

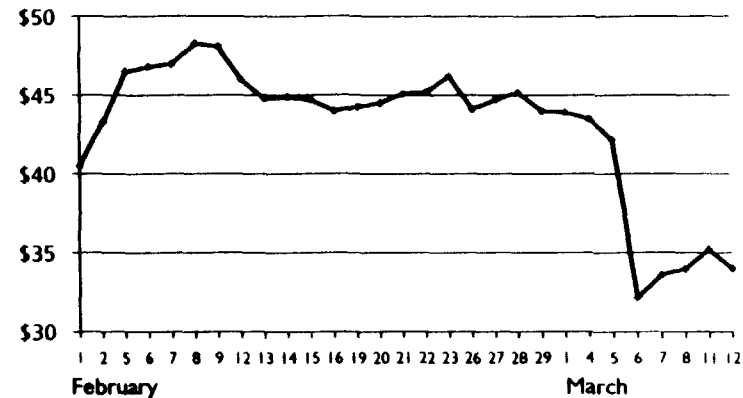
***Glenayre***

***There will be a continued negative effect on Glenayre***

- ♦ Further Erosion of Market Cap
- ♦ Probable Layoffs
  - ♦ Could be 200 - 300 U.S. Wide
  - ♦ Perception of Decreased Job Security
- ♦ Slow Down of R&D Investment
  - ♦ Could also Effect Export Success
- ♦ Employee Share-Owners Morale Severely Affected
- ♦ Investment Community Now Questioning Stability of the Future

***Glenayre***

***...including a \$600 million market capitalization loss on March 6.***



***Glenayre***

***...making it difficult to understand the wisdom of FCC's actions.***

- ♦ Fastest Growing Wireless Industry in the U.S.
- ♦ FCC Hasn't Even Finished NPCA Auctions
- ♦ Current Rules Were Working Just Fine
- ♦ Market Driven Competition Was in Place
- ♦ Consumers Will Have Less Services / Higher Prices
- ♦ Tax Revenue Loss Will more than Offset Auction Fees
- ♦ Entire Industry Is Being Undermined by Freeze

***When So Many Industries Are Struggling,  
Why Blindside One that Is So Robust***

***Glenayre***